

Message Text

CONFIDENTIAL

PAGE 01 KUWAIT 01557 081354 Z

40

ACTION EB-11

INFO OCT-01 AF-10 EUR-25 NEA-10 ADP-00 AID-20 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 L-03 H-02 PA-03 PRS-01 USIA-12 RSR-01

/176 W

----- 004438

R 080803 Z MAY 73

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 6604

INFO AMEMBASSY ABU DHABI UNN

AMEMBASSY BEIRUT

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY TRIPOLI

USINT CAIRO

C O N F I D E N T I A L KUWAIT 1557

DEPT PASS TREASURY

BEING POCUHED TO ABU DHABI

E. O. 11652 GDS

TAGS: EFIN, KU

SUBJECT: DOLLAR DEVALUATION AND KUWAIT INVESTMENT
TRENDS.

REF (A) KUWAIT 1414(B) KUWAIT 1295 (C) KUWAIT 1028

SUMMARY EMBASSY HAS LEARNED THAT GOK RELAIzed NET
PROFIT OF KD 22 MILLION AS RESULT DOLLAR DEVALUATION
ACCORDING KEY MINISTRY OF FINANCE AND OIL OFFICIAL
GOK SHIFTING INVESTMENT ASSETS INTO MORE TANGIBLE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 KUWAIT 01557 081354 Z

HOLDINGS SUCH AS EQUITIES AND REAL ESTATE. GOK
ALSO ENCOURAGING PRIVATE SECTOR ENTER INTO JOINT
VENTURES IN ARAB WORLD, WHICH IN MANY CASES DIRECTLY
BENEFICIAL US COMPANIES. END SUMMARY.

1. EMBOFF WAS TOLD BY SENIOR MINISTRY OF FINANCE
AND OIL (MFO) OFFICIAL THAT AS A RESULT OF FLUCTUATION
MAJOR WORLD CURRENCIES FOLLOWING DEVALUATION OF DOLLAR
GOK REALIZED NET PROFIT OF KD 22 MILLION (KD1-\$3.37)
MFO OFFICIAL INSISTED THIS WAS NOT REPEAT NOT DUE TO
SPECULATION. RATHER IT WAS A RESULT OF CONTINUING
GOK EFFORT TO DIVERSIFY ITS INVESTMENTS AND FINANCIAL
ASSETS. WHICH BEGAN PRIOR TO DEVALUATION.

2. MFO OFFICIAL SAID THT GOK IN PROCESS OF SHIFTING
ITS INVESTMENTS TO " TANGIBLE" ASSETS WHEREAS PRIOR
TO DEVALUATION GOK HOLDINGS WERE EVENLY DIVIDED
BETWEEN TANGIBLE ASSETS AND LIQUID (I. E. DEBT PAPER)
HOLDINGS CURRENTLY APPROXIMATELY 75 PER CENT OF
GOK FINANCIAL ASSETS ARE IN EQUITIES REAL ESTATE
AND OTHER SUCH ASSETS. IN ANSWER TO QUESTION MFO
OFFICIAL SAID GOK WAS INVESTING ADDITIONAL AMOUNTS IN
THE US PARTICULARLY IN REAL ESTATE (SEE KUWAIT 1111)
NOTAL WHERE WE REPORTED ON MAJOR KIC INVESTMENT IN
US REAL ESTATE.

3. GOK ALSO LOOKING INTO VARIETY OF INVESTMENT
OPPORTUNITIES IN ARAB WORLD, SUCH AS HOTELS IN THE
SUDAN, EGYPT, MOROCCO, FYI: APPARENTLY GOK RATHER
FAR ALONG IN MAKING ARRANGEMENTS WITH HOLIDAY INNS FOR
NEW HOTEL IN CAIRO. END FYI. GOK ALSO ENCOURAGING KUWAIT
PRIVATE SECTOR TO INVEST IN ARAB WORLD. APPARENTLY
GOK WAS BEHIND SUCH MOVES AS KUWAIT FLOUR MILLS
INVESTMENT IN OMAN.

4. MFO OFFICIAL NOTED PRESENCE OF FRENCH DELEGATION
CURRENTLY IN KUWAIT IN CONNECTION WITH AIR FRANCE
MAIDEN FLIGHT HERE. HE SAID FRENCH WERE EAGER TO
ENTER INTO INVESTMENT VENTURES IN KUWAIT. GOK
WILLING CONSIDER POSSIBILITIES BUT IT INTERESTED
IN POSSIBILITIES NOT ONLY WITH FRENCH, BUT WITH
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 KUWAIT 01557 081354 Z

OTHER POTENTIAL SOURCES OF COOPERATION. FOR EXAMPLE
FMO HAS BEEN IN TOUCH WITH FIRST NATIONAL CITY
BANK IN CONNECTION MAJOR FINANCING PROJECTS ARISING
OUT OF PURCHASE OF GIAL OIL TANKERS BY KUWAIT OIL
TANKERS COMPANY AND PURCHASING OF BOEING AIRCRAFT
MIDDLE EAST AIRLINES.

5. COMMENT: BASED ON MFO OFFICERS REMARKS IT APPEARS THAT GOK BECOMING INCREASINGLY INTERESTED IN EQUITY HOLDINGS AND PARTICIPATION IN COMMERCIAL VENTURES, ALTHOUGH PRIVATE KUWAIT INSTITUTIONS SUCH AS THE KUWAIT INVESTMENT COMPANY OR TOERH COMMERCIAL AND INDUSTRIAL ENTITIES SOME OF WHICH ARE OWNED IN PART BY THE GOK. INTERESTING TO NOTE THAT GOK IS ALSO TRYING TO ENCOURAGE FOREIGN COMPANIES TO PARTICIPATE WITH LOCAL INVESTORS IN INDUSTRIAL PROJECTS IN KUWAIT (SEPTTEL) BELIEVE IT WORTH POINTING OUT THAT GOK INVESTMENT ACTIVITY AS NOTED ABOVE PROVING TO BE DIRECTLY BENEFICIAL TO WIDE VARIETY US COMPANIES. STOLTZFUS

CONFIDENTIAL
NMAFVVZCZ

*** Current Handling Restrictions *** n/a
*** Current Classification *** CONFIDENTIAL

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 08 MAY 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: willialc
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973KUWAIT01557
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GDS
Errors: n/a
Film Number: n/a
From: KUWAIT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730540/aaaailwo.tel
Line Count: 129
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: willialc
Review Comment: n/a
Review Content Flags:
Review Date: 03 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03-Aug-2001 by boyleja>; APPROVED <03-Oct-2001 by willialc>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> mcm 980108
Subject: DOLLAR DEVALUATION AND KUWAIT INVESTMENT TRENDS.
TAGS: EFIN, KU
To: ABU DHABI
BEIRUT
EB
JIDDA
LONDON
OECD PARIS
PARIS

SECSTATE WASHDC

TRIPOLI

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005